

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

SB 539 - HB 815

March 10, 2015

SUMMARY OF BILL: Requires local education agencies (LEAs) to close virtual schools that have a Tennessee Value-Added Assessment (TVAAS) score of significantly below expectations for three consecutive fiscal years.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – To the extent a virtual school closes, there will be a shift in Basic Education Program (BEP) funding from one LEA to another or from a virtual school to a regular brick and mortar classroom. There may also be a decrease in an LEA's required maintenance of effort or a decrease in other local expenditures relative to virtual schools. Such changes in state and local expenditures are dependent upon multiple unknown factors and cannot be reasonably quantified.

Assumptions:

- Virtual schools operate as separate schools and receive their own TVAAS scores.
- The impact on state and local BEP funding will be determined by the enrollment of the virtual school at the time of enrollment; which LEA a closing virtual school is located; where students within such schools will attend school once the virtual school closes; the fiscal capacity of the LEA where the closing virtual school is located; and the fiscal year in which any closing occurs.
- There may be a savings to local governments relative to virtual schools if students transfer from a virtual school to a brick and mortar school within the same LEA.
- Any reduction in an LEA's required maintenance of effort will be dependent upon how enrollment within the LEA is impacted as result of the closing virtual academy.
- Since a majority of LEAs are funding above and beyond their BEP required local match, any transfer of students from a closing virtual school to a different LEA is not estimated to increase the receiving LEA's BEP maintenance of effort, thereby necessitating an increase in local expenditures.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in dark ink, reading "Jeffrey L. Spalding". The signature is fluid and cursive, with the first name "Jeffrey" and last name "Spalding" clearly legible.

Jeffrey L. Spalding, Executive Director

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